

ANNUAL REPORT OF CAMBRIC UK LIMITED

CAMBRIC UK LIMITED

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CAMBRIC UK LIMITED

DIRECTORS: Mr. Warren Harris
Mr. Nicholas Sale

**REGISTERED:
OFFICE** C/o Blick Rothenberg (BRAL)/ UK
16 Great Queen Street
Covent Garden
London, WC2B 5AH

TO THE MEMBERS OF Cambric UK, Limited

The Directors hereby present the Eighth Annual Report on the Business and Operations of the Company and Statement of Accounts for the year ended March 31, 2016.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2016 are as follows:

	(In US \$)	(In ₹)
Income	4,519,387	299,398,089
Profit for the year	91,802	6,081,654

2. OPERATIONS

Cambric UK Ltd is an engineering services entity that was formed in 2008, and in 2011 became Cambric's European headquarters, enabling Cambric to provide services throughout much of Europe. Cambric UK Ltd is 100% dedicated to providing engineering services to Cambric-related entities through internal subcontracts. It performs some sales and marketing activities.

The Czech Republic Branch was formed to allow engineering services to be provided in the Czech Republic on-site, at customer facilities (applicable customer purchase orders are assigned from Cambric Corporation to the Branch). During the year the company registered a turnover of US \$ 4,519,387 (₹ 299,398,089) and a profit of US \$ 91,802 (₹ 6,081,654)

3. DIVIDEND

Considering the overall financial performance of the Company, the Board of Directors have not recommended any dividend on equity capital of the Company during the year under reference.

4. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events, since the end of the financial year ended 31st March 2016, which have had a material effect on the financial position of the Company.

5. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public.

6. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION

The operations of the Company are such that they are not deemed as energy intensive. However, the Company constantly makes effort to avoid excessive consumption of energy and encourage conservation of energy.

7. AUDIT

The Company is not required to obtain an audit opinion as per local regulations. Therefore, the financial statements of the Company for the year ended March 31, 2016 has not been audited

8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (5) of the Companies Act, 2013 the directors, based on the representations received from the operating management, confirm that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

2. they have, in selection of the accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;

3. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

4. they have prepared the annual accounts on a “going concern basis”.

5. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

9. ACKNOWLEDGMENTS

Your Directors would like to express their heartfelt gratitude to all the customers, business partners and bankers for their continued support and association. The Directors also wish to thank the Government and all the statutory authorities for their support and co-operation.

The Directors would also like to place on record their appreciation of the dedicated, individual and collective contribution of all the employees in the overall growth and progress of the Company during the last year.

On behalf of the Board of Directors;

Mr. Warren Harris	Director
Mr. Nicholas Sale	Director

Place:

Date:

Cambric UK Limited
Balance Sheet as at March 31, 2016

Particulars	Note no	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
		March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	1	87	1	82
(b) Reserves and Surplus	2	587,077	38,892,362	433,646	27,101,781
		587,078	38,892,449	433,647	27,101,863
(2) Current Liabilities					
(a) Trade Payables		48,463	3,210,515	738,957	46,182,980
(b) Short-term Provisions	3	-	-	11,048	690,445
(c) Current income tax liabilities		-	-	64,592	4,036,837
		48,463	3,210,515	814,597	50,910,262
		635,541	42,102,964	1,248,244	78,012,125
II. ASSETS					
(1) Current Assets					
(a) Trade Receivables	4	-	-	1,165,206	72,822,465
(b) Cash and Bank Balances	5	577,446	38,254,352	46,537	2,908,475
(c) Other Current Assets	6	4,898	324,475.95	36,500	2,281,184
(d) Current income tax Assets		53,197	3,524,137	-	-
		635,541	42,102,964	1,248,244	78,012,125
		635,541	42,102,964	1,248,244	78,012,125

Significant Accounting Policies

7

For and on behalf of the Board

Warren Harris
Director

Nicholas Sale
Director

Date
Place:

Cambric UK Limited
Profit and Loss Statement for the year ended March 31, 2016

Particulars	Note no	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
		Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
I. Revenue from Operations	A	4,519,387	299,398,089	10,014,844	625,902,724
Total Revenue (I + II)		4,519,387	299,398,089	10,014,844	625,902,724
II. Expenses :			-		-
(a) Consultancy fees, Softwares and others	B	4,385,848	290,551,450	9,524,605	595,263,994
(b) Employee Benefit Expense	C	17,808	1,179,724	103,141	6,446,055
(c) Other Expenses	D	73,791	4,888,462	92,895	5,805,727
Total Expenses		4,477,447	296,619,636	9,720,641	607,515,776
III. Profit Before Tax		41,940	2,778,453	294,203	18,386,948
IV. Tax Expense :			-		-
(a) Current Tax		(49,862)	(3,303,201)	84,027	5,251,460
V. Profit from continuing operations (VIII - IX)		91,802	6,081,654	210,176	13,135,487

Significant Accounting Policies

7

For and on behalf of the Board

Warren Harris
Director

Nicholas Sale
Director

Date:
Place:

Cambric UK Limited
Cash Flow Statement for the year ended March 31, 2016

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Taxation and Extraordinary Items	91,802	6,081,653	210,176	13,135,487
Provision/(Reversal) for Income Tax	(49,862)	(3,303,201)	84,027	5,251,460
Operating profit before Working Capital Changes	41,940	2,778,452	294,203	18,386,947
Adjustments for :				
Trade Receivables	1,165,206	77,192,011	(170,633)	(10,664,106)
Statutory dues	8,326	551,564	9,373	585,800
Prepaid Expenses	23,276	1,541,953	(6,463)	(403,937)
Trade Payables	(690,494)	(45,743,490)	(27,181)	(1,698,721)
Short Term Provision	(11,048)	(731,874)	(678)	(42,344)
Advance Tax / Tax Deducted at Source	(67,927)	(4,499,992)	(90,133)	(5,633,067)
NET CASH FLOW (USED IN)/GENERATED FROM OPERATING ACTIVITIES	469,280	31,088,625	8,489	530,571
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	469,280	31,088,625	8,489	530,571
Cash & Cash equivalent at the close of the year as per Note 5	577,446	38,254,352	46,537	2,908,475
Cash & Cash equivalents at the beginning of the year as per Note 5	46,537	3,082,990	113,838	7,114,579
Translation Reserve	61,629	4,082,737	(75,790)	(4,736,675)
	469,280	31,088,625	8,489	530,571

For and on behalf of the Board

Warren Harris Nicholas Sale
Director Director

Date:
Place:

Notes forming part of Financial Statements

Note- 1	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
SHARE CAPITAL				
Authorised :				
1000 Ordinary Share of GBP 1 Per share	1,000	66,248	1,000	62,498
	1,000	66,248	1,000	62,498
Issued, subscribed and fully paid :				
1 Ordinary Share of GBP 1 Per share	1	87	1	82
	1	87	1	82

Note -2

RESERVES AND SURPLUS						(Amount in \$)
Particulars	As at March 31, 2015	Additions	Deductions	Adjustments	Translation Adjustment	As at Mar 31, 2016
(a) Surplus i.e. balance in statement of Profit and Loss [Note (i) below]	523,436	91,802	-	-	-	615,238
(b) Translation Reserves	(89,790)	61,629	-	-	-	(28,162)
	433,646	153,431	-	-	-	587,077

Notes:-

	2015-2016		2014-2015	
	Additions	Deductions	Additions	Deductions
(i) Changes in Statement of Profit and Loss :				
(a) Profit for the year	91,802	-	210,176	-
	91,802	-	210,176	-

RESERVES AND SURPLUS						(Amount in ₹)
Particulars	As at March 31, 2015	Additions	Deductions	Adjustments	Translation Adjustment	As at Mar 31, 2016
(a) Surplus i.e. balance in statement of Profit and Loss [Note (i) below]	31,896,635	6,081,653	-	-	-	37,978,287
(b) Translation Reserves	(5,575,172)	4,082,756	-	-	-	(1,492,416)
	26,321,462	10,164,409	-	-	-	36,485,871

Notes:-

	2015-2016		2014-2015	
	Additions	Deductions	Additions	Deductions
(i) Changes in Statement of Profit and Loss :				
(a) Profit for the year	6,081,653	-	13,135,487	-
	6,081,653	-	13,135,487	-

Notes forming part of Financial Statements

Note - 3

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
SHORT-TERM PROVISIONS				
(a) Provision for Employee benefits	-	-	11,048	690,445
	-	-	11,048	690,445

Note - 4

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
TRADE RECEIVABLES				
(Unsecured, considered good unless otherwise stated)				
(a) Trade receivables due for a period exceeding six months				
Considered good	-	-	-	-
Considered doubtful	-	-	-	-
	-	-	-	-
Less : Allowances for doubtful debts	-	-	-	-
(b) Other Trade Receivables				
Considered good	-	-	1,165,206	72,822,465
Considered doubtful	-	-	-	-
	-	-	1,165,206	72,822,465
Less : Allowances for doubtful debts	-	-	-	-
	-	-	1,165,206	72,822,465
	-	-	1,165,206	72,822,465

Note - 5

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Current Account with banks	577,446	38,254,352	46,537	2,908,475
	577,446	38,254,352	46,537	2,908,475

Note - 6

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
OTHER CURRENT ASSETS				
(a) VAT, other taxes recoverable, statutory deposits	4,898	324,476	13,224	826,452
(b) Prepaid expenses	-	-	23,277	1,454,732
	4,898	324,476	36,500	2,281,184

Notes forming part of Financial Statements

Note - A

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
REVENUE FROM OPERATIONS				
Sale of Services	4,519,387	299,398,089	10,014,844	625,902,724
	4,519,387	299,398,089	10,014,844	625,902,724

Note - B

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
CONSULTANCY FEES, SOFTWARES AND OTHERS				
(a) Outsourcing Charges	4,351,291	288,262,149	8,774,170	548,363,668
(b) Professional Fees	34,557	2,289,301	750,435	46,900,326
	4,385,848	290,551,450	9,524,605	595,263,994

Note - C

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
EMPLOYEE BENEFIT EXPENSE				
(a) Salaries and Wages	17,700	1,172,614	103,212	6,450,486
(b) Staff welfare Expenses	107	7,110	(71)	(4,431)
	17,808	1,179,724	103,141	6,446,055

Note - D

	(Amount in \$)	(Amount in ₹)	(Amount in \$)	(Amount in ₹)
	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
OTHER EXPENSES				
(a) Rent	-	-	582	36,365
(b) Rates and Taxes	483	31,976	-	-
(c) Insurance	461	30,563	1,166	72,855
(d) Office Expenses	14	944	-	-
(e) Travelling & Conveyance	1,461	96,815	3,175	198,432
(f) Foreign Currency (Gain)/Loss - (Net)	67,311	4,459,162	82,979	5,185,960
(g) Communication Expenses	120	7,941	-	-
(h) Miscellaneous Expenses	3,941	261,062	4,994	312,115
	73,791	4,888,462	92,895	5,805,727

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of Financial Statements

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management of the Company (Management) to make estimates and assumptions that affect the reported amounts of revenue and expenses during the year and balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements. Provisions are made for all known losses and liabilities, future unforeseeable factors that may affect the profit on fixed price service contracts and also towards likely expenses for providing post-sales client support on such contracts.

1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and other sales related taxes.

1.4 Revenue recognition

The Company acts as a reseller of hardware and software to the worldwide CAE community and provides services which include installation, training, product support, design services and consultancy. Hardware revenues are recognised when the hardware is delivered. Software revenues are recognised when a non-cancellable agreement has been signed and there are no uncertainties surrounding product acceptance, there are no significant vendor obligations, and the fees are fixed and determinable. Training, design services and consulting revenues are recognised as the services are performed. Support agreement revenues are recognised rateably over the support period except where the services of a third party are sold on. In this situation all revenue is recognised upfront.

1.5 Fixed assets and depreciation

Fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold improvements	Period of lease
Plant and machinery	3–4 years
Furniture and Fixtures	4 years

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Inventories

Inventories are valued at lower of cost or net realizable value. Cost is ascertained on a moving weighted average basis.

1.8 Taxation

Current income tax expense is determined in accordance with tax laws applicable in countries where such operations are domiciled. Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent that there is reasonable certainty that future taxable income will be available to realize these assets.

1.9 Foreign currency translation

Income and expenses in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary current assets and current liabilities that are denominated in foreign currency translated at the exchange rates prevalent as at the Balance Sheet date and the profit / loss so determined and also the realized exchange gains / losses are recognized in the Profit and Loss Account.

1.10 Impairment of Assets

At each balance sheet date, the Company reviews using internal resources the carrying amounts of its fixed assets to determine whether there is any indication that the assets suffered an impairment loss. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from continuing use of the asset and from its disposal are discounted to their present value using a pre tax rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the Profit and Loss Account.

1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing costs are capitalized as part of the cost of a qualifying asset when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the year in which they are incurred.

1.12 Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has present obligation as a result of past event and its probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. The provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

2. NOTES TO ACCOUNTS

2.1 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is US \$ Nil (₹ Nil) as at March 31, 2016.

2.2 Contingent liabilities

There were no contingent liabilities as at 31st March 2016.

2.3 Provision for Taxes

The provision for taxation pertains to tax liability as applicable to the jurisdictions of the country in which the Company operates. The provision for taxation for the current year has been computed by the management in consultation with the tax advisors to the Company.

2.4 Conversion into Indian Rupees

The financial information is expressed in US \$ only in the audited Accounting packs based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirement of section 129 of the Companies (Accounts) Rules, 2014, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate of 1 US \$ = ₹ 66.2475 as on March 31, 2016. These translations should not be construed as a representation that any or all the amounts could be converted to Indian Rupees at this or any other rate.

2.5 The above Financial Statements are prepared from the internally prepared accounts of the Company. These accounts are audited by Deloitte Haskins & Sells in order to give an audit opinion in relation to the consolidated accounts of the ultimate holding company i.e. Tata Technologies Limited. However, no separate audit report is issued in respect of the Company. An audit report for the ultimate holding company is issued by Deloitte Haskins & Sells and is included in its financial statement.